Respond
(CLG – Company Limited by Guarantee)

Directors' Report and Financial Statements
Financial Year Ended 29 December 2019

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DIRECTORS AND OTHER INFORMATION

Board of Directors at 16 June 2020

John O'Connor (Chair)
Michael Anglim
Cathleen Callanan
Brendan Cummins
Noel Kelly
Daniel McCarthy
Joe O'Connor
Olivia McCann
Eileen Fitzpatrick

Solicitors

Beauchamps
Riverside Two
Sir John Rogerson's Quay
Dublin 2

Secretary and Registered Office

J Jackman
Airmount
Dominick Place
Waterford

Bankers

Allied Irish Bank
The Quay
Waterford

Ulster Bank
The Quay
Waterford

The Housing Finance Agency
46 St. Stephen's Green
Dublin 2

Registered Number: 90576

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Ballycar House
Newtown
Waterford

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the financial year ended 29 December 2019.

Principal activities
The company is a charity engaged in the acquisition, construction and lease of housing schemes and providing these for rental to those who are deemed eligible for social housing. The Company also provides transitional short-term accommodation for families and individuals in our Family Hubs as they await more secure long-term accommodation. In addition to housing and related work the Company currently provides quality Day Care services for older people, Early Education, Childcare, Family Support and Resettlement services.

Corporate governance
For the reporting year the Board was comprised of seven non-executive members, who are drawn from a wide background, bringing together professional, commercial and local and international experience.

The Board aims to meet formally at least ten times a year, and for this current reporting year the board met on 13 occasions. John O'Connor was appointed Chair of the Board in December 2016.

While the Board is responsible for the overall strategy and policy of the organisation, the day-to-day management is delegated to the Chief Executive Officer, who is not a member of the Board. Declan Dunne was appointed as CEO in August 2016.

The CEO chairs regular management meetings throughout the year that deal with all major management issues and decisions of the organisation. Additional meetings are held to discuss corporate issues that do not fit with the scheduled meetings.

The Board has established four sub-committees to assist it in carrying out its responsibilities:

- Finance, Risk and Audit Committee
- Development Committee
- Remuneration, Succession and Nominations Committee
- Community Support, Research and Advocacy

Respond as a registered charity complies with the Governance Code for community, voluntary and charitable organisations in Ireland, and as an Approved Housing Body complies with the "Voluntary Regulation Code for Approved Housing Bodies in Ireland, Building for the Future" issued by the Department of Housing, Planning, Community, and Local Government.

DIRECTORS' REPORT - continued

Internal financial controls
The Board has overall responsibility for the organisation's system of internal financial control which comprises:

- a clear organisation structure and well defined management responsibilities;
- comprehensive budgeting systems with an annual budget that is approved by the Board;
- regular consideration of actual results compared to budgets;
- defined capital investment control protocols and procedures approved by the Board;
- regular reporting of legal and accounting developments to the Board.

The organisation's control systems address key business, treasury and financial risks which are monitored by the CEO and Head of Finance.

The company engages a firm of Chartered Accountants independent of the external statutory auditor to conduct regular internal audit reviews of the company's activities under the direction of the Finance, Risk and Audit Committee.

The external statutory auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and the data contained in those statements to the extent necessary to express their audit opinion.

The Board wishes to emphasise that a system of internal financial control can only provide reasonable and not absolute assurance about material misstatement and loss.

Directors’ responsibilities statement
The directors are responsible for preparing the directors’ report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company’s assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 “*The Financial Reporting Standard applicable in the UK and Republic of Ireland”* and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company’s assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT - continued

Directors' responsibilities statement - continued
The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records
The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Airmount, Dominick Place, Waterford.

Business review
Respond has been to the forefront in the provision of social housing in the Republic of Ireland for the last 37 years and is one of the largest approved housing bodies in the country. We have continued to provide new units annually to meet the growing need for social housing for families, older persons, homeless persons, members of travelling community & people with special needs.

We are committed to providing good quality homes that meets residents' needs and aspirations and strive to provide excellent support services. Respond supports inclusive communities where individual talents and contributions are valued and we work in partnership with Local Authorities, Department of Housing, Planning & Local Government, and lending institutions to enable delivery of new units.

We provide these homes with the assistance of Government funding in the form of Capital Assistance Subsidy (CAS), Capital Assisted Lease Finance (CALF) and Payment & Availability Agreement (PAA) monies, and balance funding from the Housing Finance Agency (HFA) and other private finance institutions.

Respond has 5,055 housing units (2018: 4,526) under its ownership / management at the balance sheet date and continues to invest in housing through its development program. We have ambitions to deliver a significant number of additional units over the next 5 years in support of the Government Program "Rebuilding Ireland: Action Plan on Housing and Homelessness". In addition to a significant ramping up and acceleration of work on new social housing projects in a range of locations across Ireland, Respond also opened up a new Family Hub in Ballymun, Dublin, with the assistance of funding from the Dublin Regional Homeless Executive which provide transitional accommodation for homeless families. This brings the number of Family Hubs in operation by Respond to 6 (2018: 5) at the balance sheet date, with the capacity to accommodate 92 families.

During the year, the directors of Respond and Respond (Support) Ltd. (a related company) agreed to merge both companies with effect from 29th December 2019 and to transfer the assets, liabilities and business activities of Respond (Support) Ltd to Respond for no consideration. The value of the assets transferred is reflected as an exceptional item in the Profit and Loss Account. As there will be no further activity in Respond (Support) Ltd, the directors of that Company have applied to the Registrar of Companies to strike off the company and they expect this to happen in the first half of 2020.

DIRECTORS' REPORT - continued

Financial performance for year
Respond delivered another strong operating and financial performance for the year to December 2019. Turnover for the financial year amounted to €23.6m compared to €18.7m for the year ended 30 December 2018 and profit for the financial year was €12.3m (2018: €7.9m).

Other Operating Income of €5.4m (2018: €5.4m) represents the net amortisation of government mortgages and grants over the depreciation of social housing assets.

The company invested €195.4m (2018: €69.8m) in housing units during the year and increased the number of units under ownership/management by 529 housing units in 2019 (2018: 197), which were funded primarily by the drawdown of additional CALF & HFA funding of €203.7m which now stands at €297.8m on the balance sheet.

The company has a healthy aggregate bank balance of €41.1m (2018: €22.6m) held primarily in investments and short term deposits and these funds will be utilised to facilitate ongoing reinvestment in our existing stock and growth in the supply of new housing units over the coming years.

Reserves increased by €12.3m year on year and the overall reported equity figure is €140.9m.

Principal risks and uncertainties
The company's activities expose to it a wide variety of operational, strategic, economic, market and environmental risks. Respond is also conscious that as a registered charity it has both ethical and legal obligations to protect the assets of the company in the pursuit of its charitable objectives.

The company has developed a risk management framework and risk register as part of the ongoing process for the identification, evaluation and management of the significant risks faced by the company.
The principal risks identified by the company are:

Governance and the achievement of excellence in governance standards in adopting and complying with the principles outlined in The Governance Code for Community and Voluntary Organisations in Ireland.

Strategic risks in the achievement of our business objectives while keeping faith with the mission, ethos, values and charitable objectives of the company.

Financial risks in terms of treasury management, exposure to credit risk, interest rate risks, market rents, continued availability of loan finance at optimal rates, loan covenant compliance.

Operational risks in terms of human resource management and the company's capacity to deliver on its development plans. Health & Safety from a landlord and employer perspective in ensuring that the well being of our tenants and employees are safeguarded. Child Protection in terms of children and vulnerable adults. Tenancy management and the management of repairs and voids. Data Protection of the personal data of our employees and tenants.

Environmental in terms of minimising the adverse impact on society and the environment arising from our activities and the adoption and promotion of energy efficient sustainable solutions.

The board is assisted in the management of these and other risks through the engagement of an external firm of Chartered Accountants independent of the external statutory auditor who regularly conduct internal audits of the company's activities under the direction of the Finance, Risk and Audit Committee.

DIRECTORS' REPORT - continued

Dividends
No dividend is payable in accordance with the company's Constitution.

Directors
The names of the persons who were directors of the company at any time during the financial year ended 29 December 2019 are set out below. Except where indicated, they served as directors for the entire financial year.

John O'Connor
Michael Anglim
Noel Kelly
Joe O'Connor
Brendan Cummins
Daniel McCarthy
Cathleen Callanan

The Charities Act 2009
The directors acknowledge The Charities Act 2009 and support its objectives and are endeavouring to ensure compliance with same.

Post balance sheet events
Since the balance sheet date, Ireland has been impacted by the corona virus pandemic, termed Covid-19 by the World Health Organisation. Respond, in keeping with Government advice, has had to implement a number of measures to protect the safety of our staff and our service users, including the temporary closure of our Childcare facilities, our Day Care centres for the elderly and our Hub Café at Johns College in Waterford. Other measures include facilitating working from home for the majority of our staff, all the time maintaining continuity of service to our tenants and stakeholders.

The Board of Directors have considered the likely impact of the Covid-19 pandemic on the company's business. The Board requested the executive management team to carry out a financial impact assessment of the risks posed to the Company by Covid-19. The risk assessment was completed and reviewed by the Board and while it recognises that income will be adversely affected in terms of P&A monies and rental income, these reductions in income will be partially offset by cost reductions in our overheads. 40% of the Company's turnover for 2019 was derived directly from State bodies and this is projected to increase to 51% for 2020. The balance of our turnover is derived from Tenant's rent and there is a mechanism in place for social tenants to request a downward rent review in the event that their household income is adversely affected by Covid-19.

Depending on the duration of the crisis, the Board expects that Covid-19 will have some impact on turnover and profitability for the next financial year, but are of the view based on the information to hand at this point in time, that any impact will be manageable. The Company is currently well resourced in terms of personnel and finance and is ready to adapt to the challenges posed by this crisis.

The company will continue to monitor the situation and take appropriate measures to ensure that key services continue to be delivered, in so far as possible, to all of our clients and at this point in time Respond expects to deliver satisfactory results for 2020.

There were no other post balance sheet events of note since the financial year.

Members
The company is registered as a company limited by guarantee not having a share capital. The members of the company have their liability limited to €1.27 each in the event of the company being wound up. There were 10 members at the date of the balance sheet.

DIRECTORS' REPORT - continued

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Statutory auditors

The statutory auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

O McCann

N Kelly

Date: 16 June 2020

Independent auditors' report to the members of Respond

Report on the audit of the financial statements

Opinion

In our opinion, Respond's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 29 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Balance Sheet as at 29 December 2019;
- the Profit and Loss Account for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Directors' Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 29 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Brendan O'Neill
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Waterford
16 June 2020

PROFIT AND LOSS ACCOUNT
For the financial year ended 29 December 2019

	Note	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Turnover	5	23,629,142	18,722,945
Cost of sales		-	-
Gross profit		23,629,142	18,722,945
Administrative expenses		(18,780,440)	(15,196,483)
Other operating income	6	5,316,498	5,365,430
Operating profit before exceptional items	7	10,165,200	8,891,892
Exceptional item	9	4,236,201	-
Operating profit		14,401,401	8,891,892
Interest receivable and similar income		627	8,657
Interest payable and similar charges	8	(2,058,085)	(935,641)
Profit before taxation		12,343,943	7,964,908
Tax on profit	11	-	-
Profit for the financial year		12,343,943	7,964,908

The company had no recognised gains or losses in the financial year other than those included in the profit and loss account above and therefore no separate statement of comprehensive income has been presented.

BALANCE SHEET
As at 29 December 2019

	Note	29 December 2019		30 December 2018	
		€	€	€	€
Fixed assets					
Intangible assets	13		116,703		140,254
Tangible assets	14		636,051,514		449,900,099
Current assets					
Debtors	15	13,860,711		9,719,491	
Investments	16 (a)	822,962		8,689,882	
Cash at bank and in hand	16 (b)	40,321,428		13,888,667	
		55,005,101		32,298,040	
Creditors: amounts falling due within one year	17	(14,174,144)		(8,043,363)	
		(14,174,144)		(8,043,363)	
Net current assets			40,830,957		24,254,677
Total assets less current liabilities			676,999,174		474,295,030
Less:					
Creditors: amounts falling due after more than one year	18		(536,061,073)		(345,700,872)
Net assets			140,938,101		128,594,158
Capital and reserves					
Reserves	21		140,938,101		128,594,158
Total equity			140,938,101		128,594,158

On behalf of the board

O McCann

N Kelly

Date: 16 June 2020

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 29 December 2019

	Note	Absorbed deficit €	Mortgage amortisation reserve €	Total €
Balance at 1 January 2018		(73,381,910)	194,011,160	120,629,250
Profit for financial year		7,964,908	-	7,964,908
Transfer to mortgage amortisation reserve		(13,023,122)	13,023,122	-
Balance at 30 December 2018	21	(78,440,124)	207,034,282	128,594,158
Balance at 31 December 2018		(78,440,124)	207,034,282	128,594,158
Profit for financial year		12,343,943	-	12,343,943
Transfer to mortgage amortisation reserve		(13,680,458)	13,680,458	-
Balance at 29 December 2019	21	(79,776,639)	220,714,740	140,938,101

CASH FLOW STATEMENT
For the financial year ended 29 December 2019

	Note	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Cash from operations	22	4,370,695	5,640,391
Income taxes paid		-	-
Net cash generated from operating activities		4,370,695	5,640,391
Cash flows from investing activities			
Purchase of tangible fixed assets		(193,101,945)	(69,907,595)
Purchase of intangible fixed assets		(43,583)	(70,272)
Decrease/(increase) in investments		3,574,180	(11,218)
Interest received and similar income		627	8,657
Net cash used in investing activities		(189,570,721)	(69,980,428)
Cash flows from financing activities			
Mortgages		1,750,673	5,112,488
CALF loans		58,620,193	32,066,438
HFA loans		145,050,504	35,712,704
Capital grants		1,820,770	1,560,757
Interest paid on HFA loans		(3,259,042)	(817,259)
Capital repayments of HFA loans		(893,951)	(627,804)
Transfer of cash and cash equivalents	9	4,190,607	-
Net cash generated from financing activities		207,279,754	73,007,324
Net increase in cash and cash equivalents		22,079,728	8,667,287
Cash and cash equivalents at beginning of financial year		18,245,872	9,578,585
Cash and cash equivalents at end of financial year		40,325,600	18,245,872
Cash and cash equivalents consists of:			
Cash at bank and in hand		9,810,724	13,888,667
Short-term deposits (included in current asset investments)		30,514,876	4,357,205
Cash and cash equivalents		40,325,600	18,245,872

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Respond ('the company') is a registered charity with the Charities Regulator (registered charity no. 20012625) and has been granted charitable tax exemption by the Revenue Commissioners. The company is engaged in building housing schemes and providing these for rental.

The company is incorporated as a company limited by guarantee in the Republic of Ireland. The address of its registered office is Airmount, Dominick Place, Waterford.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2014. The entity financial statements comply with Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102). In preparing the financial statements the company has referred to guidance included in the Statement of Recommended Practice (SORP): Accounting by registered social housing providers. Although the company is not required to comply with the SORP, it has adopted many of the recommendations in these financial statements where applicable.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

(a) Basis of preparation
The entity financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Foreign currency

(i) *Functional and presentation currency*
The company’s functional and presentation currency is the euro, denominated by the symbol “€”.

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(c) Revenue recognition

(i) Turnover

Turnover is the amount of revenue derived from the provision of goods and services falling within the company's ordinary activities. For Respond, turnover comprises rental income, payment and availability income, revenue grant income and sundry income, which are accounted for in the financial year to which they relate.

Turnover is measured at the fair value of the consideration received or receivable.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

(ii) Other revenue

Interest income is recognised using the effective interest rate method. Interest income is presented as 'interest receivable and similar income' in the profit and loss account. Income from third party donations and fund raising is credited to the profit and loss account in the year in which it is received. Donations of assets other than cash are valued at date of receipt, and the value is included in assets in the balance sheet.

(d) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short term employee benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which the employees render the related service.

(ii) Post-employment benefits

Defined contribution plan

The company operates defined contribution plans for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(e) Income tax

The company has been granted charitable tax exemption by the Revenue Commissioners.

(f) Value added tax

The company is registered for VAT in compliance with RCT and Reverse Charge VAT regulations, however, the company is not entitled to reclaim VAT on operational activities and accordingly all receipts and expenditure in the accounts are shown inclusive of any VAT which may apply.

(g) Intangible fixed assets

Intangible assets (computer software) are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their estimated useful lives, of four years, on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(g) Intangible fixed assets - continued

Where factors, such as technological advancement or changes in market prices, indicate that the intangible's useful life has changed, the useful life is amended prospectively to reflect the new circumstances.

Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

(h) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs.

(i) Capital expenditure on building programmes

All certified expenditure (including any retention) paid for by the company is capitalised and shown in the balance sheet in respect of assets created, the beneficial ownership of which remains vested with the company. Liabilities in respect of local authority mortgages on these properties are shown in the balance sheet. These mortgages can be either in respect of buildings erected or acquired under the capital assistance scheme or under the capital loan and subsidy scheme. In the case of buildings erected or acquired under the capital assistance scheme, and under the capital loan and subsidy scheme, repayments of mortgage amounts (together with interest on the mortgages) are met entirely by Government sources. Accordingly the capital sums due are amortised on a straight line basis over the life of the mortgage and a corresponding credit made to the profit and loss account. As the company does not pay interest in respect of these mortgages, they are treated as interest free.

All certified expenditure (including any retention) paid for by the company in respect of assets created, where the beneficial ownership is not expected to remain with the company is reflected in the profit and loss account in the period to which it relates.

Development expenditure which cannot be attributed to approved schemes or does not specifically relate to the acquisition or development of the land and buildings is written off in the period to which it relates.

(ii) Depreciation and residual values

Land is not depreciated.

Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

	Years
- Buildings – social housing	Refer note 4
- Buildings – other	30
- Fittings and equipment	5
- Computer equipment	4
- Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(h) Tangible assets – continued

(iii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(iv) Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

(v) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Government grants

Government grants, including non-monetary grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. The company recognises grants on the accrual model and measures grants at the fair value of the asset received or receivable. Where a grant becomes repayable it is recognised as a liability when the repayment meets the definition of a liability.

The company classifies grants either as a grant relating to revenue or a grant relating to assets.

(i) Revenue grants

Grants relating to revenue are recognised in the profit and loss account on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs is recognised in the profit and loss account in the period in which it becomes receivable.

(ii) Capital grants

Grants relating to capital projects including communal facilities are recognised in the profit and loss account on a systematic basis over the expected useful life of the asset.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those qualifying assets, until such time as qualifying assets are substantially ready for their intended use.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(k) Leased assets

(i) Finance leases

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessee.

At the commencement of the finance lease term the company recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

Assets under finance leases are depreciated over the estimated useful life of the asset. Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leased assets

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessee. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

(l) Impairment of non-financial assets

At the end of each financial year non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash-generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value in use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current risk-free market rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(m) Investments

Investments are stated at cost less provision if necessary for any permanent diminution in value.

(n) Cash and cash equivalents

Cash at bank and in hand includes cash in hand, cash held in bank current accounts, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash at bank and in hand are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are presented as current asset investments.

(o) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of ‘interest payable and similar charges’ in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

a) Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected; and
b) Provision is not made for future operating losses.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(p) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(p) Financial instruments - continued

(ii) Financial liabilities - continued

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as financial liabilities. The dividends on these preference shares are recognised in profit or loss within ‘interest payable and similar charges’.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(q) Exceptional items

The company has adopted a profit and loss account format that seeks to highlight significant items. Such items include assets and liabilities taken over by the company from other housing associations or other entities. Judgement is used by the directors in assessing the particular items which by virtue of their scale and nature should be disclosed in the profit and loss account and notes as exceptional items.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty - continued

Major components of social housing buildings
Major components of social housing buildings are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. The company has made a number of assumptions in determining the cost and useful economic life of each major component, which are set out below.

Component	Cost as %	Useful economic lives
Bathroom	2%	30 years
Boundaries	3%	20 years
Windows/doors	6%	25 years
Electrics	2%	30 years
Heating	2%	20 years
Kitchen	1%	20 years
Roof	6%	50 years
Structure	78%	75 years

5 Turnover

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Analysis of turnover by category:		
Rental income	13,396,349	12,289,417
Payment and availability income	4,788,309	2,288,856
Maintenance grant	1,242,493	1,208,138
Sundry income	785,731	766,203
Grant income	3,416,260	2,170,331
	23,629,142	18,722,945
Analysis of turnover by geographical market:		
Republic of Ireland	23,629,142	18,722,945

6 Other operating income

	Year ended 29 December 2019 €	Year ended 30 December 2018 € €
Amortisation of capital funding		
Mortgage amortisation CLSS	8,546,664	7,859,221
Mortgage amortisation CAS	5,133,794	5,163,901
Amortisation of capital grants	777,692	713,038
	14,458,150	13,736,160
Depreciation of capital expenditure		
Depreciation – social housing	(9,141,652)	(8,370,730)
Amortisation of capital funding (net)	5,316,498	5,365,430

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Operating profit

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
The operating profit for the financial year is stated after charging:		€
(a) Depreciation - Charity assets	109,510	124,420
(b) Amortisation of intangible fixed assets	67,134	106,032
(c) Loss on disposal of fixed assets	114,586	208,806
(d) Impairment charge – trade debtors	112,557	120,361
(e) Operating lease expense	579,912	319,716

8 Interest payable and similar charges

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Interest on CALF loans	1,230,897	118,382
Interest on HFA loans	827,188	817,259
	2,058,085	935,641

9 Exceptional item

There were no exceptional items in the prior year.

During the year ended 29 December 2019, Respond Support transferred the activities, assets and liabilities of the company to Respond for no consideration.

The assets and liabilities arising from the transactions were as follows:-

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Debtors	333,007	-
Investments	60,293	-
Cash at bank and in hand	4,190,607	-
Creditors and accruals	(347,706)	-
	4,236,201	-

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Employees and directors

(i) Employees

The average number of persons employed by the company during the financial year was:

	Year ended 29 December 2019 Number	Year ended 30 December 2018 Number
Management	10	16
Operational	143	123
	153	139

	2019 €	2018 €
Staff costs comprise:		
Wages and salaries	5,945,397	5,494,414
Social insurance costs	633,758	538,801
Other retirement benefit costs (note 23)	147,638	125,095
	6,726,793	6,158,310

Of the total staff costs €263,477 (2018: €277,755) has been capitalised into tangible fixed assets and €6,463,316 (2018: €5,880,055) has been treated as an expense in the profit and loss account.

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
(ii) Directors		
Emoluments	-	-
Contributions to retirement benefit schemes:		
- defined contribution	-	-

(iii) Key management compensation

Key management includes the directors, CEO and members of the senior management team who report directly to the CEO, which at the balance sheet date comprised of 10 persons (2018: 12). The compensation paid or payable to key management for employee services is shown below and includes employers' contribution to social insurance and pension scheme:

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Total key management compensation	932,982	919,347

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Taxation

No liability to corporation tax arises as the company has been granted charitable tax exemption by the Revenue Commissioners.

12 Work in progress

In accordance with the accounting policy for Capital Expenditure on Building Programmes the cost of uncertified work at the balance sheet date is not regarded as a liability of the company. The fixed asset and corresponding mortgage liability is recognised in the accounts at the time that the work is certified.

13 Intangible assets

	Software
	€
Cost	
At 1 January 2019	2,714,950
Additions	43,583
Disposals	-
At 29 December 2019	2,758,533
Amortisation	
At 1 January 2019	2,574,696
Charge for the financial year	67,134
On disposals	-
At 29 December 2019	2,641,830
Net book value	
At 29 December 2019	116,703
At 30 December 2018	140,254

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Tangible fixed assets

	Social housing, land and buildings	Other land and buildings	Fittings and equipment	Computers	Motor vehicles	Total
	€	€	€	€	€	€
Cost						
At 1 January 2019	561,455,328	525,765	1,537,753	2,074,257	28,217	565,621,320
Additions	195,412,335	-	35,509	86,057	-	195,533,901
Disposals	(479,950)	-	-	-	-	(479,950)
Projects written off	(16,738)	-	-	-	-	(16,738)
At 29 December 2019	756,370,975	525,765	1,573,262	2,160,314	28,217	760,658,533
Accumulated depreciation						
At 1 January 2019	112,071,843	200,060	1,412,449	2,010,519	26,350	115,721,221
Charge for the financial year	9,141,652	17,508	54,989	35,613	1,400	9,251,162
On disposal	(365,364)	-	-	-	-	(365,364)
At 29 December 2019	120,848,131	217,568	1,467,438	2,046,132	27,750	124,607,019
Net book value						
29 December 2019	635,522,844	308,197	105,824	114,182	467	636,051,514
30 December 2018	449,383,485	325,705	125,304	63,738	1,867	449,900,099

Included in additions are borrowing costs capitalised of €2,431,958 (2018: €188,870). The aggregate amount of borrowing costs capitalised in the cost of tangible fixed assets is €2,620,828 (2018: €188,870).

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Debtors

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Amounts falling due within one year:		
Trade debtors	4,413,484	3,867,501
Prepayments and accrued income	9,447,227	5,658,984
Balance due from related party (i)	-	193,006
	13,860,711	9,719,491

(i) In the prior year, the company was owed €193,006 from Respond (Support) Limited, a company under common control. There are no related party balances at year end 29 December 2019.

16(a) Investments

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Investment funds (i)	822,962	3,510,704
Deposits	-	5,179,178
	822,962	8,689,882

(i) All investment funds are fixed for a period. These investments are capital guaranteed if held to maturity, which is the intention of the directors.

16(b) Cash at bank and on hand

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Current account cash	9,810,724	3,510,704
Deposits (i)	30,510,704	5,179,178
	40,321,428	8,689,882

(i) Deposits held on demand are unusually high due to the level of construction finance activity the company is engaged in at year-end.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Creditors - amounts falling due within one year

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
HFA loans (note 18 (ii) and (iii))	3,700,000	939,163
Trade creditors	897,701	800,968
Accruals	6,188,731	4,779,691
PAYE and social insurance	185,549	131,581
Value added tax	3,169,264	1,381,649
Relevant contractors tax	32,899	10,311
	14,174,144	8,043,363

Trade creditors at 29 December 2019 and 30 December 2018 include amounts owing to suppliers who include reservation of title conditions in their conditions of sale. Due to legal interpretation involved it was not practical to quantify same.

Trade and other creditors are payable at various dates in accordance with the suppliers usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

18 Creditors - amounts falling due after more than one year

	29 December 2019 €	30 December 2018 €
CALF loans (i)	97,977,552	38,126,503
HFA loans (ii) and (iii)	196,081,043	54,685,184
Capital grants (note 19)	24,584,221	23,541,143
Mortgages (note 20)	217,418,257	229,348,042
	536,061,073	345,700,872

(i) CALF loans represent loans received under the Capital Advance Leasing Facility scheme. The CALF loans are unsecured and are subject to simple interest at a rate of 2% per annum. The capital advance and interest is repayable on demand in the absence of a payment and availability agreement for the properties for which the capital advance was provided, however notwithstanding the demand nature of the loan the capital and all other amounts outstanding are to be repaid after more than 5 years. The company has payment and availability agreements in place relating to the above loans. Cumulative accrued interest included within the balance above amounts to €1,349,279 (2018: €118,382).

(ii) HFA loans represent loans received from the Housing Finance Agency. The loans were received for financing Sustainable Energy Authority of Ireland (SEAI) approved energy efficiency upgrades and for the purchase of housing units. The housing unit loans are secured by a fixed charge over the housing units and assignment of the related payment and availability agreements. The repayment schedule of the loans is set out in (iii) below. Interest on the loans was charged and paid on 29 December 2019 and hence there is no accrued interest within the above balance at year end.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Creditors - amounts falling due after more than one year - continued

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
(iii) HFA Loans		
Not later than one year	3,700,000	939,163
Later than one year and not later than five years	18,645,535	4,522,086
Later than five years	177,435,508	50,163,239
	199,781,043	55,624,488

19 Government grants toward capital projects

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Received and receivable		
At 1 January	33,216,564	31,655,807
Additions	1,820,770	1,560,757
At end of year	35,037,334	33,216,564
Amortisation		
At 1 January	9,675,421	8,962,383
Amortised to profit and loss account	777,692	713,038
At end of year	10,453,113	9,675,421
Net book value at end of year	24,584,221	23,541,143

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Mortgage liabilities

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
(a) Capital Assistance Scheme ('CAS')		
Received and receivable		
At 1 January	175,920,483	170,741,528
Received	1,750,673	5,178,955
At 29 December	177,671,156	175,920,483
Amortisation		
At 1 January	79,322,535	74,158,634
Amortised to profit and loss account	5,133,794	5,163,901
At 29 December	84,456,329	79,322,535
Net book value at 29 December	93,214,827	96,597,948
(b) Capital Loan & Subsidy Scheme ('CLSS')		
Received and receivable		
At 1 January	26,461,841	260,537,753
Received/adjustments	-	(66,467)
Redemption	-	(9,445)
At 29 December	260,461,841	260,461,841
Amortisation		
At 1 January	127,711,747	119,852,526
Amortised to profit and loss account	8,546,664	7,859,221
At 29 December	136,258,411	127,711,747
Net book value at 29 December	124,203,430	132,750,094
Total net book value at 29 December	217,418,257	229,348,042

The mortgages are secured by fixed charges over the company's land and buildings.

21 Reserves

A description of each reserve is outlined below:

Absorbed deficit
Absorbed deficit represents accumulated comprehensive income for the financial year and prior financial years, less amounts transferred to mortgage amortisation reserve.

Mortgage amortisation reserve
The amount transferred to the Mortgage Amortisation Reserve Fund is based on the amortisation of the capital advances, over the life of the mortgage. The Local Authorities from whom the mortgages were received are not in a position to provide confirmation of the year-end balance and the company is therefore relying on the information given by the Department of the Environment and Local Government in establishing the amortisation policy.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Note to the statement of cash flows

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Profit for the financial year	12,343,943	7,964,908
Tax on profit	-	-
Interest receivable and similar income	(627)	(8,657)
Interest payable and similar charges	2,058,085	935,641
Exceptional item	(4,236,201)	-
Operating profit	10,165,200	8,891,892
Depreciation of tangible fixed assets	9,251,162	8,495,150
Amortisation of intangible fixed assets	67,134	106,032
Amortisation of capital grants	(777,692)	(713,038)
Amortisation of mortgages	(13,680,458)	(13,023,122)
Project assets written off	16,738	136,089
Loss on disposal of tangible fixed assets	114,586	208,766
Working capital movements:		
- (Increase) in debtors	(3,808,213)	(524)
- Increase in creditors	3,022,238	1,539,286
Cash flow from operating activities	4,370,695	5,640,531

23 Retirement benefit costs and similar obligations

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to €147,638 (2018: €125,095). Accrued costs at year end amounted to €Nil (2018: €Nil).

24 Contingent liabilities

The company has received grants which may become repayable if certain circumstances set out in the agreements occur. The directors are of the opinion that these contingencies will not result in any material loss for the company.

25 Bank security and guarantees

The company's bankers hold a letter of lien, in the amount of €750,000 in relation to its overdraft facility (2018: €750,000). No element of the facility had been drawn down at year end.

During the year, the company entered into a collaboration arrangement with Tuath Housing Association and Dun Laoghaire-Rathdown County Council for the provision of social and affordable housing units at a site at Enniskerry Road, Stepaside, Dublin 18. The company have entered into a joint and several guarantee with Tuath Housing Association for the funding facility of €19.6 million provided to them by the Housing & Finance Agency for the construction of this scheme.

NOTES TO THE FINANCIAL STATEMENTS - continued

26 Financial instruments

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
The company has the following financial instruments:		
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	4,413,484	3,867,501
- Investment in short-term deposits	822,962	8,689,882
	5,236,446	12,557,383
Cash at bank and in hand	40,321,428	13,888,667
Financial liabilities measured at amortised cost		
- Trade creditors	897,701	800,827
- Accruals	6,188,731	4,779,691
- CALF loans	97,977,552	38,126,503
- HFA loans	199,781,043	55,624,488
- Mortgages	217,418,257	229,348,042
	522,263,284	328,679,551

27 Operating lease commitments

Future minimum lease payments under non-cancellable operating leases at the end of the financial year/period were:

	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Payments due:		
Not later than one year	636,444	317,724
Later than one year and not later than five years	2,545,776	1,270,896
Later than five years	8,695,736	4,253,908
	11,877,956	5,842,528

NOTES TO THE FINANCIAL STATEMENTS - continued

28 Grants

Grant income in the profit and loss account for the year arises from the following bodies:-

Name of Agency	Type of Funding/ Grant programme	Term of Grant	Use of Grant	Year ended 29 December 2019 €	Year ended 30 December 2018 €
Local Authorities	Maintenance grants	Annual	Maintenance of property	1,242,493	1,208,138
Dublin Regional Homeless Executive	S.10 funding	Annual	Delivery of Services	3,037,566	1,783,590
Limerick City Council	S.10 funding	Annual	Delivery of Services	200,694	200,694
Health Service Executive	S.39 funding	Annual	Delivery of Services	178,000	177,992
Other	Miscellaneous	Monthly	Delivery of Services	-	8,055
Total				3,416,260	2,170,331

29 Post balance sheet events

Since the balance sheet date, Ireland has been impacted by the corona virus pandemic, termed Covid-19 by the World Health Organisation. Respond, in keeping with Government advice, has had to implement a number of measures to protect the safety of our staff and our service users, including the temporary closure of our Childcare facilities, our Day Care centres for the elderly and our Hub Café at Johns College in Waterford. Other measures include facilitating working from home for the majority of our staff, all the time maintaining continuity of service to our tenants and stakeholders.

The Board of Directors have considered the likely impact of the Covid-19 pandemic on the company's business. The Board requested the executive management team to carry out a financial impact assessment of the risks posed to the Company by Covid-19. The risk assessment was completed and reviewed by the Board and while it recognises that income will be adversely affected in terms of P&A monies and rental income, these reductions in income will be partially offset by cost reductions in our overheads. 40% of the Company's turnover for 2019 was derived directly from State bodies and this is projected to increase to 51% for 2020. The balance of our turnover is derived from Tenant's rent and there is a mechanism in place for social tenants to request a downward rent review in the event that their household income is adversely affected by Covid-19.

Depending on the duration of the crisis, the Board expects that Covid-19 will have some impact on turnover and profitability for the next financial year, but are of the view based on the information to hand at this point in time, that any impact will be manageable. The Company is currently well resourced in terms of personnel and finance and is ready to adapt to the challenges posed by this crisis.

The company will continue to monitor the situation and take appropriate measures to ensure that key services continue to be delivered, in so far as possible, to all of our clients and at this point in time Respond expects to deliver satisfactory results for 2020.

There were no other post balance sheet events of note since the financial year.

30 Approval of financial statements

The financial statements were approved by the directors on 16 June 2020.